

International Investment Position of the Republic of Belarus

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General Provisions

The International Investment Position represents stocks of external financial assets and liabilities of the Republic of Belarus.

The International Investment Position of the Republic of Belarus is compiled according to the methodological recommendations of the 6th Edition of the Balance of Payments and International Investment Position Manual (IMF, 2009).

According to recommendations, external financial assets and liabilities of the International Investment Position of the Republic of Belarus include direct investments, portfolio investments, financial derivatives, other investments and reserve assets with allocation of four sectors of the economy: central bank; general government, deposit-taking corporations, except the central bank; and other sectors.

Central bank includes the transactions of authorities which exercise control over key aspects of the financial system. It carries out such activities as issuing currency, managing international reserves, and regulation of activity of the deposit-taking corporations. The National Bank of the Republic of Belarus belongs to such authorities.

General government sector includes all general government bodies of the republic, local Councils of deputies, local executive and administrative bodies of the Republic of Belarus as well as diplomatic and other official representative offices of the Republic of Belarus located outside the Republic of Belarus.

Deposit-taking corporations, except the central bank have financial intermediation as their principal activity. This sector includes banks and nonbank credit and financial institutions of the Republic of Belarus.

The other sectors include the other financial corporations, nonfinancial corporations, households and nonprofit institutions serving households (NPISHs).

Financial corporations consist of all corporations that are principally engaged in providing financial services, including insurance and pension fund services, to other institutional units. The production of financial services is the result of financial intermediation, financial risk management, liquidity transformation, or auxiliary financial services.

Nonfinancial corporations, households and nonprofit institutions serving households (NPISHs) are corporations whose principal activity is the production of market goods or nonfinancial services; physical persons in structure of households; and NPISHs.

In addition to the stocks of foreign assets and liabilities, the international investment position of the country reflects total financial transactions accounted in the balance of payments as well as changes caused by the revaluation.

The sources of the information for the International Investment Position coincide completely with those of the financial account of the Balance of Payments. The basic sources are the reports of the Ministry of Finance on the changes in the external debt guaranteed by the Government of the Republic of Belarus, data of the National Statistical Committee of the Republic of Belarus with regard to the organizations' data on investments, deposit-taking corporations' reports on payments and the state of their foreign assets and liabilities. Some data are furnished to the National Bank by enterprises and banks directly.

Description of Selected Indicators

Assets include stocks of investments of residents of the Republic of Belarus abroad as direct investments, portfolio investments, other investments, including financial assets that are reserve assets of the Republic of Belarus; and financial derivatives.

Liabilities reflect the state of investments of nonresidents in Belarus as direct investments, portfolio investments, and other investments; and financial derivatives.

The difference between external assets and liabilities is **the Net Investment Position of the country**. The excess of liabilities over assets shows that the country is "the net debtor" vis-à-vis the external world. The excess of external claims over liabilities to nonresidents means that the country is "the net creditor".

Direct investments reflect the state of investments of the investors, owing more than 10 percent of foreign companies or banks, in these enterprises or banks.

Portfolio investments reflect the state of foreign investments in securities in the form of the equity securities and debt securities, which have not been shown as "Direct investments".

Financial derivatives reflect the value of the derivative financial contracts at market prices.

Other investment includes transactions other than those included in direct investment, portfolio investment, financial derivatives, and reserve assets. It includes the following classes of financial assets and liabilities: other equity; currency and deposits; loans; nonlife insurance technical reserves, life insurance and annuities entitlements, pension entitlements, and provisions for calls under standardized guarantees; trade credit and advances; other accounts receivable/payable; and SDR allocations.

Reserve assets reflect stocks of highly liquid foreign assets of the Republic of Belarus, which can be used for the purposes of monetary regulation. The data on reserve assets are shown according to the Special Data Dissemination Standard and to the "Rules of the Compilation of the International Reserve Assets of the Republic of Belarus" approved by the Board of the National Bank of the Republic of Belarus on April 4, 2006 No56.